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SUBJECT: AMBASSADOR OBSITNIK'S FAREWELL TRIFECTA - FICO,
GASPAROVIC AND KUBIS

Classified By: Charge Keith A. Eddins, for reasons 1.4 (b and d)

¶1. (C) Summary: In farewell calls on Prime Minister Fico, President Gasparovic, and Foreign Minister Kubis, Ambassador Obsitnik underscored his appreciation for U.S.-Slovak cooperation during his 13-month tenure, highlighting Slovakia's entry into the Visa Waiver Program and increasingly active engagement in Afghanistan. At the same time, he urged the Slovaks to resist the temptation to respond to the global financial crisis in ways that would threaten their investment-friendly business climate. Ambassador Obsitnik also encouraged the Slovaks to pursue an active pro-transparency/anti-corruption program to counter the widespread perception that the government plays favorites and rewards supporters in, for example, the awarding of state contracts.

¶2. (C) Because these meetings took place in the midst of the Russia-Ukraine natural gas dispute, the Ambassador's Slovak interlocutors were focused on the energy crisis in Slovakia. Fico and Kubis were quite critical of both Moscow and Kyiv, although Kubis was particularly scathing in his description of Ukraine's disingenuous (in his view) agreement to a gas "swap" that never materialized. All three expressed pride in Slovakia's adoption of the Euro, and voiced hope that being part of the Euro zone would help the country weather the ongoing global recession. Fico put much of the blame for the perception that Slovak society is corrupt on the local media, although he also voiced a willingness to bring ABA/CEELI back to the country to reprise some of the judicial reform programs that had existed here prior to EU accession. End Summary.

Departing Thoughts and Concerns

¶3. (C) Ambassador Obsitnik paid farewell calls on Slovak President Ivan Gasparovic (January 14), and Prime Minister Robert Fico and Foreign Minister Jan Kubis (both on January 19). The Ambassador took the opportunity to review his 13 months at post, expressing his appreciation for Slovakia's growing engagement in Afghanistan and pointing with pride to Slovakia's entry into the Visa Waiver Program, President Gasparovic's October 2007 visit to Washington to meet with then-President Bush, and then-DHS Secretary Chertoff's visit to Bratislava. While acknowledging that our countries do not agree on every major question (e.g., missile defense, recognition of Kosovo), he underscored our close and effective work together on a range of issues.

¶4. (C) At the same time, the Ambassador, citing his experience as a former businessman, expressed concern that some policies the Fico government has adopted might damage the perception that Slovakia welcomes foreign investment. In addressing the global economic crisis, he continued, governments need to be careful. He noted, for example, the

Slovak government's effort to limit the price increases energy monopoly SPP could pass along to consumers. He also cited the difficulty the U.S. firm Aspect Energy was having in securing permission to drill for natural gas in Slovakia; the complex and often opaque regulatory system seemed to be counterproductive given the then-ongoing natural gas crisis. The Ambassador also urged his hosts to confront the widespread perception of official corruption in Slovakia, which could easily dampen economic growth and scare away potential investors.

Natural Gas Crisis

15. (C) The shut-down of natural gas deliveries to Slovakia due to the Russian-Ukrainian contract dispute was the most immediate concern of each of his interlocutors. Gasparovic, with whom the Ambassador met at the nadir of the situation, voiced concerns that personal animosities between the Ukrainian president and prime minister were making the situation worse, while noting that he had written both President Medvedev and President Yushchenko to remind them that they had contractual obligations to fulfill and that Slovakia did not deserve to be treated as a political pawn.

16. (C) By the time the Ambassador met with Fico, the final Russian-Ukrainian deal had been struck and gas was beginning to flow again. Fico was critical of both the Russians and the Ukrainians, not simply for causing the overall crisis but also for not implementing the "swap" that Fico had negotiated during his trip to Moscow and Kyiv on January 15. He was also quite harsh in his comments about the EU, citing its

inability to solve the problem or protect its most vulnerable members. At the same time, he expressed appreciation of EU partners Germany and the Czech Republic for their willingness to help bring gas from northern Europe to Slovakia. Fico agreed with the Ambassador on the need for Slovakia to diversify its energy suppliers and raised the Nabucco pipeline as an alternative the Slovaks needed to consider more seriously. He also reiterated Slovakia's determination to build additional nuclear reactors, which he said would use western, not Russian, technology. The Ambassador took advantage of this opening to highlight Westinghouse's capabilities, particularly in cooperation with CEZ (the Czech power company with whom the Slovaks are working).

17. (C) Kubis was the most scathing in his criticism of the Ukrainians. While acknowledging that both Russia and Ukraine were responsible for the fundamental dispute, Kubis was "bitter" about what he considered to be Kyiv's disingenuous agreement to the "swap" of gas reserves. An angry Kubis said that Ukraine had missed an opportunity to demonstrate its appreciation to a "good neighbor" who had always been supportive of Ukraine in other areas. Kubis asserted the Ukrainians knew the "swap" would not have been harmful to their negotiating position, but nevertheless failed to "help a friend in its moment of need." This duplicity, Kubis concluded, "will be remembered" and Slovakia "will think twice before helping them" in the future. (Comment: We were somewhat surprised at the depth of Kubis's rancor toward Kyiv, which may stem in part from the fact that Slovakia - as NATO contact nation for Ukraine - has played a more high-profile role than it is normally comfortable with in supporting a policy that is anathema to Moscow. End Comment.)

18. (C) While not as harsh in his characterization of Moscow, Kubis opined that Slovak citizens were looking more negatively toward the Russians. He said the gas crisis had been an eye-opening event that should encourage all Europeans to be more realistic about Moscow and get serious about energy independence. Like Fico, he raised Nabucco without prompting, suggesting that people would be giving it a more serious look in the wake of the Russian-Ukrainian standoff. He also expressed support for nuclear energy and the increased use of liquefied natural gas, and agreed with the

Ambassador that Aspect Energy's desire to drill in Slovakia should be pursued. Finally, he thanked the Ambassador for U.S. efforts to encourage the "swap," even if they produced no immediate results.

NATO and Afghanistan

¶9. (C) Fico was positive -- albeit without offering anything specific -- about Slovakia's continued role in Afghanistan. Responding to the Ambassador's query about potential increases in troop strength and an expanded, more robust mandate, Fico acknowledged that the U.S. and the Slovak MOD were working on options for cooperation and said he wanted that work to succeed. He also noted that of all Slovakia's foreign deployments, Afghanistan was the most important because it took place within NATO. Gasparovic was also supportive of continued Slovak efforts in Afghanistan, averring that "Slovakia has responsibilities and we will honor them." On Ukraine's potential membership in NATO, Gasparovic was generally supportive and rejected Moscow's efforts to derail Kyiv's plans, although he noted that the gas crisis had demonstrated that Ukraine still had a long way to go both economically and politically before it was ready to join either the Alliance or the EU. Fico was less enthusiastic, noting that the gas crisis had revealed that Ukraine was not a particularly strong partner.

Euro Adoption, the Global Economy, and Corruption

¶10. (C) The Prime Minister was clearly proud that Slovakia had seamlessly introduced the Euro on January 1. He boasted that no other country had adopted the Euro in the midst of anything as difficult as the gas crisis, and pledged that he would keep to his promise that Euro introduction would not lead to an increase in the inflation rate. Gasparovic was similarly proud, citing the envy toward Slovakia that several other Central European leaders had publicly expressed at a recent gala celebration of the Euro's introduction. Both Fico and Gasparovic expressed the expectation that the Euro would help Slovakia weather the global economic crisis. Fico explained that even in the face of a global recession, his government's priorities remained maintaining Slovakia's

social welfare programs and ensuring continuing growth of the economy.

¶11. (C) Fico noted the success of the Slovak economy over the past decade, but pointed particularly to progress made since his government took office. He cited not only economic growth and the adoption of the Euro, but also entry into the EU's Schengen zone and U.S. Visa Waiver Program. What, he asked rhetorically, could the media criticize? Answering his own question, he launched into an explanation of how the only issue on which the Slovak press could attack the government was corruption and clientism. According to Fico, allegations of irregularities in public tenders or other forms of corruption simply represented the media's need to have something shocking to report. When the Ambassador pointed to an Embassy-supported anti-corruption program in Martin, Fico acknowledged the value of such local efforts. He even harked back to ABA/CEELI's judicial reform and anti-corruption efforts of the late 1990s and early 2000s as worth of reprise; as discussed septel, these programs ended following EU accession, but we will be following up on Fico's suggestion of reviving some form of relationship with ABA/CEELI.

The Future

¶12. (C) Both Fico and Gasparovic expressed their willingness to cooperate closely with the new administration in the U.S.; both have sent congratulatory letters to President Obama.

Gasparovic, who is up for reelection this spring, said that if he wins a new term, he intends to focus on helping Roma and improving Slovak-Hungarian relations, although he added that the latter will require equal willingness on the part of the Hungarians. Fico's musings on the future included a comment that he wasn't sure that he would even stand for reelection in 2010, although this likely had more to do with his suffering from a sore back and having just experienced the gas crisis than providing any well-thought-out peek at his real intentions. When asked which of the two would represent Slovakia at the April NATO Summit - and thus have the first chance to meet President Obama - Fico said he thought it would be Gasparovic; since the summit comes between the two rounds of the Slovak presidential election, Gasparovic would thus get an electoral boost from attending.

Comment

¶13. (C) Fico, as he regularly demonstrates in high-level meetings, knows how to turn on the charm and direct the conversation. His response to the Ambassador's comments regarding corruption -- "it's the press!" -- were completely in character, seeking to obfuscate the reality that there are much more serious problems with Fico's governance than occasional cronyism or favoritism. The recent decision by former Slovak Ambassador to the U.S. Martin Butora to publicly reject an award given by the Slovak Atlantic Commission because his co-recipient was Interior Minister Kalinak is indicative of the depth of concern among those who struggled to foster democracy here. Many simply do not want to be associated in even the most benign way with the ruling elite.

¶14. (C) We have often heard from his confidants that Fico is interested in working more closely with the new U.S. Administration. We will watch closely to see whether his rhetoric and actions support that assertion. In the meantime, we are considering if and how we may want to recalibrate our day-to-day approach toward the GOS - mindful that Slovakia is a NATO ally and an EU member - to better promote U.S. interests with government officials who too often seem more interested in what the state can do for them than in what they can do for the state.
EDDINS